GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:475
ANSWERED ON:19.04.2001
RELAXATION IN CRUDE IMPORT NORMS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government have recently relaxed crude import norms enabling all public sector oil companies to buy crude from multinational companies on term contract basis;

(b) if so, the details thereof and whether the import of crude oil by PSUs individually would have any impact on oil import bill;

(c) if so, the details thereof; and

(d) the extent to which the oil refineries of various oil companies are likely to be benefited?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 475 FOR 19.4.20(REGARDING RELAXATION IN CRUDE IMPORT NORMS.

(a) to (d): In order to facilitate enhancing oil supply security by reducing dependence on the spot market for such grades of crude oil which are not available in sufficient quantities on Official Selling Price (OSP) basis from the national oil companies (NOC), it has been decided to allow all public sector oil companies operating refineries to source their crude oil requirement from the international market instead of being canalised through Indian Oil Corporation (IOC) at present. This will have some impact on the oil import bill.

It has further been decided to allow such public sector oil companies to source their crude oil requirement by entering into term contracts with the NOCs that do not have OSP and with the major oil producing multi-national companies.

The above decisions will enable the public sector refineries to optimise their margins by sourcing crude oils matching the refinery configuration and savings in freight costs.

NOTE FOR SUPPLEMENTARIES IN RESPECT OF LOK SABHA STARRED QUESTION NO. 475 FOR 19.4.2001 REGA RELAXATION IN CRUDE IMPORT NORMS.

policy till now

1. The present policy for import of crude oil is in vogue since 1979. Its salient features are as follows:-

(a) Major portion of the requirement of crude oil is sourced from Government owned National Oil Companies (NOC) of the crude exporting countries at a uniformly applicable price to all customers in a region called the `official selling price(OSP)`.

(b) The balance requirement is sourced by floating monthly/term tenders. Decisions are taken by an Empowered Standing Committee (ESC) having CMD-IOC as Chairman and Joint Secretary(Petroleum), Financial Advisor(Petroleum), Joint Secretary(Commerce Joint Secretary(DEA) and Director(Finance), IOC as members.

(c) Until 31.3.1998, crude oil was a canalised import item, IOC being the sole canalising agency. Effective from 1.4.1998, crude oil imports were de-canalised for the private and joint sector refineries. However, for the public sector refineries crude oil continues to be a canalised item.

2. Under the extant policy crude oil requirement of public sector refineries is met by following the undermentioned criteria.

The changed policy

8. In order to faciliate enhancing oil supply security by reducing dependance on the spot market for such grades of crude oil which are not available in sufficient quantities on Official Selling Price (OSP) basis, from the national oil companies (NOC), it has been decided to allow all public sector oil companies and operating refineries to source their crude oil requirement from the international market instead of being canalised through Indian Oil Corporation(IOC), at present. This will have some impact on the oil import bill.

9. It has further been decided to allow such public sector oil companies to source their crude oil requirement by entering into term contracts with the NOC that do not have OSP and with the major multi-national oil producing companies.

10. The above decision will enable the public sector refineries to optimise their margins by sourcing crude oils matching the refinery configuration and savings in freight costs.